

# **Children's Medical Services Network (CMS Net) Application Technical Support and Maintenance Services (ATS&MS) Project Information Technology Procurement Plan**

## **1. Department contact information**

Department of Health Services, Primary Care and Family Health Division, Children's Medical Services Branch  
Children's Medical Services Network (CMS Net) Application Technical Support and Maintenance Services (ATS&MS)

DOF Project No.: 4260-144 (Original #)

Name (of person responsible for developing the ITPP): Bill White

Title: Chief

Office: Information Technology Section

Address: 1515 K St, Ste 400, MS 8100, and P.O. Box 997413, Sacramento, CA 95899-7413

Agency Bill Code for this Project: 83302

Phone Number: (916) 327-2363

E-mail Address: Bwhite@dhs.ca.gov

Chief Information Officer (CIO) Name: Christy Quinlan

Chief Information Officer (CIO) Signature: \_\_\_\_\_

Phone Number: (916) 440-7340

## **2. Description of Project**

The California Children's Services (CCS) program is a federally mandated public health program, jointly operated by the State and the counties, which provides specialized medical services (diagnostic, treatment and therapy services) for financially and medically eligible children less than twenty-one (21) years of age with severe handicapping conditions. The CCS program serves approximately 170,000 children, the majority of who are also eligible for Medi-Cal, the California Medicaid Program, or enrolled in Healthy Families, the California State Children's Health Insurance Program (SCHIP).

The CMS Net system is used for CCS case management activities – including patient registration, medical eligibility, letter generation, reporting, and issuing of authorizations

for medical services. This system was implemented in 1992 in the State CCS regional offices and several small county CCS programs. Currently 55 CCS counties and three State CCS regional offices utilize CMS Net System. There are currently over 2,500 CMS Net users.

In June 2002, DHS issued a Request for Proposals (RFP) that asked bidders to propose solutions for the enhancement of the CMS Net System as well as maintenance and operation services (M&O) for the existing and enhanced system. The CMS Net System enhancements ultimately proposed by the winning bidder and accepted by the state added eligibility, other health coverage recoveries, and enhanced service authorization functionality to the existing system. The contractor was required to provide hourly resources for M&O of the system at an annual number of hours specified by the State in the RFP.

While the enhancement solutions proposed by the contractor and accepted by the Department provided enhanced functionality and user ease, they significantly increased the complexity of the system. The enhanced system has grown from the use of a single database to two discrete databases and from the use of two servers to the use of 15 servers. The cost for the current contract is \$2,143,995 for the enhancements and \$905,746 for three years of M&O.

Because the level of M&O required to support the enhanced system was underestimated, the Department completed a Non-Competitive Bid amendment to the current contract to increase the M&O hours to a level that provides adequate support for the enhanced system. However, this amendment only covers the base contract period, scheduled to end April 30, 2006. This amendment was for an additional \$701,016 for M&O services.

This CMS/ATS&MS procurement effort is being initiated to secure a competitively priced agreement for the M&O support requirements for the CMS Net System commencing May 1, 2006.

### **3. Market Research**

The Department proposed three alternatives in the original CMS Net Feasibility Study Report (FSR); the funded alternative was to build and enhance core components of CMS Net and integrate information with existing systems to satisfy business objectives. In April 2001, DHS contracted with an independent consultant to assess the current strategy and identify possible other technology solutions. Timeframes and costs were presented in this assessment for other alternatives such as different technology solutions or Commercial, Off the Shelf (COTS) packages. The recommended alternative was to stay with the existing technology and infrastructure and proceed with the build and integrate alternative as stated in the approved FSR.

#### Rational for Make or Buy

Based on the decision to use existing technology and in place infrastructure, DHS contracted with Deloitte Consulting in May 2003 to develop and install the three enhancements to the CMS Net system and to provide maintenance and operation support for the existing and modified system. The modifications to the CMS Net were

successfully implemented in June 2004, and the system is now in the maintenance and operation phase. Ongoing M&O services subsequent to April 30, 2006, are required for the continued operation of the system.

#### **4. Acquisition Methodology**

##### Proposed Acquisition Methodology

Two contractors will be procured pursuant to this IT Procurement Plan.

##### Acquisition Consultant

The first contract will be for the development of an RFP for ongoing CMS Net support and maintenance and, for assistance in procurement process. This acquisition consultant will be responsible for developing the RFP, including the statement of work (SOW) for the procurement of ongoing support and maintenance for the CMS Net System. The acquisition consultant will also provide assistance during confidential discussions with potential vendors, review and evaluation of draft proposals, and review and evaluation of final proposals.

The Department will use a California Multiple Award Schedule (CMAS) contract to procure the acquisition consultant. Pre-qualified vendors and pre-established competitive terms and conditions including applicable discounts are available through this means of contracting. Vendors will respond to a SOW describing tasks, responsibilities and deliverables. The Evaluation and Review team will review and score the proposals based on a weighted scale of factors. The vendor with the best value will be awarded the contract. To ensure protection of the State's investment the contract will be awarded on a fixed price basis and payment based on acceptance of deliverables.

The CMAS Contract for the acquisition consultant will include requirements and provisions to mitigate risk to the State such as fixed price contract and payment withhold until acceptance of deliverables. The Project Manager will be responsible for quality assurance and inspection of the deliverables and will work closely with the Contract Manager to identify any non-performance issues. The Contract Manager will ensure that the acquisition contractor is in compliance with the terms of the CMAS Contract and take appropriate action for non-performance.

This contract has been awarded to Renee Taylor Consulting, Inc.

##### M & O Vendor

The second contract will be for the maintenance and operation of the CMS Net System. This M&O vendor will be responsible for the day-to-day operation of the CMS Net system and for maintenance necessitated by changes in Program policy resulting from legislation, legal requirements and program operational requirements.

The Department will use a Request for Proposal (RFP) to procure the M&O vendor. DHS is utilizing the RFP to acquire specific IT services; specialized knowledge relating

to critical requirements for the system; a proven history of effectiveness in M&O projects; and, an effect an economy of operation by requiring contract staff to work on-site.

The Department will further qualify the vendors on the pre-qualified list to ensure best fit and ability to meet technology and business needs. Vendors will be issued the RFP and engaged in discussions regarding quality of past performance, pricing, discounts and achieving best value. The Evaluation and Review team will review the proposals based on a weighted scale of factors to determine best value. The vendor with the best overall score will be awarded the contract.

The term of this contract shall be three years with an option for two, one-year extensions.

#### Compliance with Statutory Requirements

The Procurement Division of the Department of General Services will manage the procurement to ensure all appropriate guidelines are followed. The Contract Manager, Bill White, will ensure that the procurement is conducted fairly and equitably.

#### Management and Control of the Acquisition Process

The Contract Manager will use a project plan to manage the acquisition process. The plan will be developed with the participation of the Department of General Services. The plan will have stated timeframes for the deliverables and other milestones.

Listed below are the important actions and estimated dates and times by which the action must be taken or completed:

|   |   |
|---|---|
| Solicitation Document Released (estimated)    | May 31, 2005                                |
| Bidders' Conference                           | June 13, 2005                               |
| Bidder Draft Proposals Due                    | July 5, 2005                                |
| End of Evaluation of Bidders' Draft Proposals | July 26, 2005                               |
| Bidder Interviews                             | August 2, 2005                              |
| Final Proposals Due                           | August 16, 2005                             |
| End of Evaluation of Bidders' Final Proposals | September 19, 2005                          |
| Cost Opening                                  | September 26, 2005                          |
| Evaluation of Cost Proposals                  | October 3, 2005                             |
| Develop Evaluation and Selection Report       | October 11, 2005                            |
| Steering Committee Presentation and Approval  | October 25, 2005                            |
| DHS/DGS/DOF/CMS Approvals (as necessary)      | February 15, 2006                           |
| Announce Intent to Award                      | February 16, 2006                           |
| Protest Period                                | February 17, 2006 thru<br>February 27, 2006 |
| Contract Awarded (estimated before)           | February 28, 2006                           |
| Acquisition Project Completion                | December 31, 2006                           |

## **5. Procurement Risk Management**

### Procurement Risk Mitigation

During the procurement process and prior to a contract award, the Project Manager, Bob Morthole, will be responsible for procurement risk mitigation. The Project Manager with the assistance of the Acquisition Team will identify and quantify potential risks, develop risk response for potential risk and invoke the appropriate response.

After the contracts have been awarded and during the contract period, the Project Manager will be responsible for risks to the project, quality assurance, and contractor performance. Prior to payment, contractor deliverables will be inspected for quality and approved against the contractor invoice. The invoice will then be sent to the Contract Manager to approve for payment. Any item not approved by the Project Manager will not be paid.

The Contract Manager will work closely with the Project Manager to identify any non-performance issues and will be responsible for risk mitigation as stated in the contract. The contract will cover the following topics with regard to risk mitigation:

- Payment to Contractor
- Procurement Division's Control of the Multiple Award Contract
- Disabled Veteran Business Enterprise Participation
- Multiple Award Contract Reporting Requirements
- Americans With Disabilities Act Notice
- Forced, Convict, and Indentured Labor
- Grounds for Disqualification
- Performance Bond/Irrevocable Letter of Credit

### Investment Protection

The Project Manager will be responsible for the protection of the State's investment, making sure that the M&O vendor complies with the provisions of the contract. The M&O contract will have specific provisions to protect the State's investment in the following sections:

- General Terms and Conditions
- Software Special Provisions
- Purchase Special Provisions
- Personal Services Special Provisions
- Approved Contract Language Changes

These sections cover the following topics with regard to investment protection:

- Documentation
- Limitations of Liability
- Indemnification

- Rights in Data
- Protection of Proprietary Software Data
- License Grants
- Encryption/CPU ID Authorization Codes
- Fees and Charges
- Maintenance
- Acceptance of Software
- Rights To Copy or Modify
- Future Releases
- Acceptance Testing for Software
- Liquidated Damages
- Title to Equipment
- Price Decline
- Contract Type
- Personnel
- Responsibilities of the State
- Unanticipated Tasks
- Invoicing and Payment for Services
- Contractor Evaluation

The Contract Manager will work closely with the Project Manager to identify any contractor non-compliance and will be responsible for the contractor's compliance with these provisions.

## **6. Contract Management Methodology**

### Contract Management Methodology

Department staff and management will work with the acquisition team as appropriate to achieve project goals and objectives. Throughout the RFP project, the acquisition team will provide quality assurance of project deliverables and methods.

The acquisition consultant will also provide weekly reports on progress against the work plan as well as updates about project risks, issues, and resolutions.

Progress will be monitored against the project work plan. We will monitor the deliverables produced, time expended against the work plan and the overall project schedule. The key document for monitoring these variables will be the Project Status Report, which is organized into the following sections:

### Work Completed to Date

Describes the tasks accomplished to date, and the content and status of associated deliverables.

### Scheduled Status

Compares tasks and deliverables completed to date against those scheduled to date and explain the cause of any variances, as well as options to compensate for such variances.

### Work to be Completed

Describes major activities and deliverables scheduled for the next reporting period.

### Issues, Risks and Problems

Highlights key issues and concerns posed by the project team, which may need to be prioritized and addressed by DHS and the acquisition contractor. Resolutions to previously reported problems will be reported, as well as alternative resolutions to new pending problems, as appropriate.

Deliverables will be the primary form of measurement and formally accepted after testing and/or quality assurance review. Payment will be issued after formal acceptance.

### Manage and Measure Contracts

The DHS is currently reviewing the contract management methodology. The Contract Manager will adhere to the methodology established by DHS to manage and measure contractor performance and adherence to the contract. The Contract Management Plan currently in use for the M&O functions of the CMS Net contract (See Attachment A – Current CMS Contract Management Plan for Maintenance and Operations) will be modified to reflect changes in the new contract. At a minimum, the contractor will be required to follow the existing CMS Contract Management Plan for Maintenance and Operations (Version 1.3 - May 2003). The contractor will be required to meet regularly with the Department to provide status on the project and report on major milestone progress. Cost and schedule variance reports will also be required. Deliverables will be the primary form of measurement and formally accepted after testing and/or quality assurance review. Payment will be issued after formal acceptance of deliverables.

### Monthly Reports

Since this project is for M&O services only and no development will be required monthly project status reports are not applicable.

### Participants and Teams in IT Procurement Planning

| Name         | Title   | Department | Phone    |
|--------------|---|------------|----------|
| Patti Touhey | Chief, Planning and Project Management Branch         | DHS        | 440-7054 |
| Bob Morthole | Chief, Information Technology Unit, CMS & CMS Net E47 | DHS        | 327-1858 |

| <b>Name</b>      | <b>Title</b>   | <b>Department</b> | <b>Phone</b> |
|------------------|--|-------------------|--------------|
|                  | Project Manager  |                   |              |
| To Be Determined | Procurement Manager  | DGS               |              |
| Bill White       | Chief, Information Technology Section,<br>CMS & CMS Net E47 Contract Manager | DHS               | 327-2363     |
|                  |  |                   |              |

| <b>Team Name</b>           | <b>Participant Name</b>   |
|----------------------------|---|
| Acquisition Team           | Procurement Manager (DGS)<br>Bill White<br>Bob Morthole<br>CMS Branch Staff (as needed)<br>Acquisition Consultant – Renee Taylor Consulting |
| Evaluation and Review Team | Procurement Manager (DGS)<br>Bill White<br>Bob Morthole<br>Acquisition Consultant (non-scoring) – Renee Taylor Consulting                   |

#### Solicitation Key Action Dates

| <b>Action</b>                       | <b>Date</b> |
|-------------------------------------|-------------|
| Complete the development of the RFP | 5/17/2005   |
| Issue RFP for CMS Net E47 Developer | 5/31/2005   |
| Receive final proposals w/costs     | 8/16/2005   |
| Award Contract to Developer         | 2/28/2006   |

See Attachment B – Proposed work plan.

## 7. Evaluation Factors and Standards Criteria

### Factors and Standards

The Acquisition Team is responsible for the development of evaluation factors and standards criteria and will be included as part of the RFP for the procurement of the CMS Net support and maintenance contractor.